

Annual Financial Statements

for

Lepelle-Nkumpi Local Municipality

for the year ended 30 June: **2012**

Province:

Limpopo

AFS rounding:

R (i.e. only cents)

Contact Information:

Name of Municipal Manager:	Maketu F. Ramaphela
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Contact telephone number:	015 528 9336
Contact e-mail address:	dtjale@agsa.co.za
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Contact telephone number:	012 315 5867
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Lepelle-Nkumpi Local Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2012

General information

Members of the Council

Phaahla M.V	Mayor
Sibanda N.G	Speaker
Phosa N.B	Member of the Executive Committee
Mapheto N.J	Member of the Executive Committee
Sehlapelo M.J	Member
Ramakolo M.M	Member
Ramoshaba L	Member
Mphahlele R.B	Member
Thobejane M.M	Member
Mahlatlale M.F	Member
Phogole M.J	Member
Mmako R.F	Member
Magongoa L.J	Member
Lechelele M.S	Member
Masopoga P.J	Member
Maseema D.M	Member
Themane M.D	Member
Ledwaba L.J	Member
Mpitso K.J	Member
Maditsi D.R	Member
Matabane M.A	Member
Leopeng C.R	Member
Vilankulu	Member
Vilankulu R.J	Member
Machete K.J	Member
Sibanda P.S	Member
Masopoga P.K	Member
Phaahla K.B	Member
Mphahlele M.R	Member
Mphahlele R.B	Member
Mphahlele F.M	Member
Mashoene L.P	Member
Makgahlele M.B	Member
Ntsaone M.S	Member
Ramashaba R.S	Member
Mathabatha M.V	Member
Matsimela M.D	Member
Matjuda S.W	Member
Nchabeleng P.P	Member
Shogole M.W	Member
Ramalla T.A	Member
Kekana M.E	Member
Tsela F.D	Member
Thobejane M.R	Member
Thobejane M.D	Member
Mashiane M.E	Member
Thubakgale N.M	Member
Molaba L.C	Member
Khwinana M	Member

Mokgophi N.T	Member
Mathabatha M.D	Member
Marema T.G	Member
Phaahla V.M	Member
Mphahlele L.E	Member
Machaka M.P	Member
Ramokolo M.M	Member
Mphahlele M.	Member
Sibanda N.G	Member

Municipal Manager

Maketu F.Ramaphakela

Chief Financial Officer

Nancy Masemola (Acting)

Grading of Local Authority

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Auditors

Auditor-General

Bankers

First National Bank (FNB)

Lepelle-Nkumpi Local Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2012

General information (continued)

Registered Office: Lebowakgomo

Physical address:

170 BA
Civic Centre
Lebowakgomo
0737

Postal address:

Private Bag
Chuenespoort
0745

Telephone number: 015 633 4500

Fax number: 015 633 6896

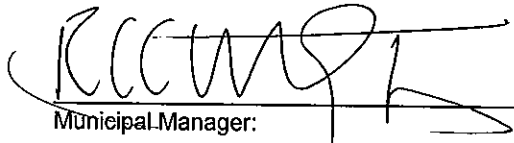
E-mail address: nancy.masemola@lepelle-nkumpi.gov.za

Lepelle-Nkumpi Local Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2012

Approval of annual financial statements

I am responsible for the preparation of these annual financial statements in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 25 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.


Municipal Manager:

31 August 2012

Lepelle-Nkumpi Local Municipality
STATEMENT OF FINANCIAL POSITION
as at 30 June 2012

	Note	2012 R	2011 R
ASSETS			
Current assets			
Cash and cash equivalents	1	8 371 292	5 316 319
Trade and other receivables from exchange transactions	2	12 058 740	22 024 139
Other receivables from non-exchange transactions	3	82 716 176	61 150 445
Other current financial assets	4	35 885	35 885
Inventories	5	970 274	802 577
Investments	6	99 041 487	85 679 215
VAT receivable	11	17 109 959	8 638 852
Non-current assets			
Property, plant and equipment	7	247 042 071	220 217 851
Total assets		467 345 884	403 865 284
LIABILITIES			
Current liabilities			
Trade and other payables from exchange transactions	8	46 229 653	78 320 567
Consumer deposits	9	521 420	474 621
Current portion of unspent conditional grants and receipts	12	6 083 423	9 964 710
Current portion of finance lease liability	13	190 840	57 480
Vat Payable	10	12 123 038	-
Non-current liabilities			
Non-current finance lease liability	13	315 158	74 757
Non-current provisions	14	1 116 053	773 122
Total liabilities		66 579 585	89 665 258
Net assets		400 766 299	314 200 026
NET ASSETS			
Accumulated surplus		400 766 299	314 200 026
Total net assets		400 766 299	314 200 026

Lepelle-Nkumpi Local Municipality
STATEMENT OF FINANCIAL PERFORMANCE
for the year ending 30 June 2012

	Note	2012 R	2011 R
Revenue			
Property rates	15	48 630 227	57 900 299
Service charges	16	4 319 629	3 656 281
Rental of facilities and equipment	17	151 168	81 962
Interest earned - external investments	18	4 594 172	3 630 990
Interest earned - outstanding receivables	19	7 607 356	6 517 771
Fines		641 311	470 415
Commission on sale of water	20	4 797 101	4 370 254
Licences and permits: Department of Transport		3 625 751	722 614
Government grants and subsidies	22	143 622 344	125 583 332
Public contributions and donations	21	-	65 139 163
Other income	23	3 091 193	4 102 334
Total revenue		221 080 252	272 175 413
Expenses			
Employee related costs	24	44 817 158	34 689 921
Remuneration of councillors	25	13 077 419	10 423 509
Bad debts		441 270	-
Depreciation and amortisation expense	26	14 909 674	60 533 623
Free Basic Services: Electricity		4 804 448	5 429 808
Repairs and maintenance		7 428 512	1 898 949
Finance costs	27	138 350	156 257
Contracted services	28	3 728 691	3 303 767
General expenses	29	45 338 220	30 577 998
Total expenses		134 683 741	147 013 832
(Impairment loss) / Reversal of impairment loss		-	(28 524 501)
Inventories: (Write-down) / reversal of write-down to net realisable value	5	-	(251 758)
Surplus / (deficit) for the period		86 396 511	96 385 322

Lepelle-Nkumpi Local Municipality
STATEMENT OF CHANGES IN NET ASSETS
as at 30 June 2012

	Revaluation Reserve	Other reserves	Total: Reserves	Accumulated Surplus/(Deficit)	Total: Net Assets
Note	R	R	R	R	R
Balance at 30 June 2010			-	165 033 917	165 033 917
Changes in accounting policy				52 756 736	52 756 736
Correction of prior period error				135 209 894	135 209 894
Restated balance	-	-	-	353 000 546	353 000 546
Surplus / (deficit) on revaluation of property of property, plant and equipment					-
<i>Other items</i>					-
<i>Other items</i>					-
Net gains and losses not recognised in the statement of financial performance					-
Transfers to / from accumulated surplus/(deficit)		-	-	-	-
Surplus / (deficit) for the period				96 385 322	96 385 322
Balance at 30 June 2011	-	-	-	449 385 869	449 385 869
Correction of prior period error	32			(135 185 843)	(135 185 843)
Restated balance	-	-	-	314 200 026	314 200 026
Surplus / (deficit) on revaluation of property of property, plant and equipment					-
Correction of prior period error				169 762	169 762
<i>Other items</i>					-
Net gains and losses not recognised in the statement of financial performance					-
Transfers to / from accumulated surplus/(deficit)					-
Surplus / (deficit) for the period				86 396 511	86 396 511
Balance at 30 June 2012	-	-	-	400 766 299	400 766 299

Lepelle-Nkumpi Local Municipality			
CASH FLOW STATEMENT			
as at 30 June 2012			
	Note	2 012	2011
		R	R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		227 164 363	170 838 370
Taxation			
Sales of goods and services		87 423 308	167 207 380
Grants		139 741 056	
Interest received			3 630 990
Other receipts			
Payments		146 305 680	99 979 831
Employee costs		57 551 646	
Suppliers		88 754 034	99 979 831
Interest paid			
Other payments			
Net cash flows from operating activities	30	80 858 683	70 858 538
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets (PPE)		(46 312 045)	(43 912 250)
Proceeds from sale of fixed assets			
Proceeds from sale of investments			
Purchase of intangibles			
Decrease/(Increase) in Loans and receivables		(17 867 001)	-
Net cash flows from investing activities		(64 179 046)	(43 912 250)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings			
Repayment of borrowings			
Proceeds from finance lease liability			
Repayment of finance lease liability		(262 405)	(213 731)
Net cash flows from financing activities		(262 405)	(213 731)
Net increase / (decrease) in net cash and cash equivalents		16 417 232	26 732 556
Net cash and cash equivalents at beginning of period		90 995 546	64 262 990
Net cash and cash equivalents at end of period	31	107 412 778	90 995 546

LEPELLE NKUMPI MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2012

1 BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost basis unless specified otherwise. Under this basis the effects of transactions and other events are recognised when they occur and recorded in the Financial Statements in the period in which they relate.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such statements issued by the Accounting Practices Board.

The Minister of Finance has, in terms of General Notice 1290 of 2008 exempted compliance with certain of the above-mentioned standards and aspects or parts of these standards. Details of the exemptions applicable to the municipality have been provided in the notes to the annual statements.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.4 COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5 SIGNIFICANT ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

These Annual Financial Statements have been prepared on a going concern basis. In preparing the annual financial statements to conform with the standards of GRAP, management is required to make estimates, judgements and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future may differ from these estimates.

All significant estimates, judgements and underlying assumptions are reviewed on constant basis. All necessary revisions of significant estimates are recognised in the period during such revisions as well as in any future affected periods.

1.6 PROPERTY, PLANT AND EQUIPMENT

1.6.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of property, plant and equipment is recognised as an asset when:

It is probable that future economic benefits or service potential associated with the item will flow to the municipality.

The cost of the item can be measured reliably.

Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an item of property, plant and equipment was donated, it is initially recognised at its fair value as at the date of acquisition.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.6.2 SUBSEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Heritage assets which are culturally significant resources are shown at cost and not depreciated due to the uncertainty regarding their useful lives. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.6.3 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets.

The depreciation charge is recognised as an expense unless it is included in the carrying amount of another asset under construction.

Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Infrastructure		Other	
Roads and Paving	3-50 years		
Electricity	7-50 years	Specialist vehicles	7-15 years
		Other vehicles	5 years
Community		Office equipment	3-7 years
Buildings	25-30 years		
Recreational Facilities	20 years	Furniture and fittings	10 years
Security	25-30 years		
Halls	30 years	Specialised plant and equipment	5 years
Libraries	30 years	Other items of plant and equipment	5 years
Parks and gardens	30 years	Bins and containers	5 years
Other assets	20-30 years	Computer equipment	3 years
Heritage assets			
Paintings and artifacts	N/A		
Finance lease assets			
Office equipment	5		

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

1.6.4 DERECOGNITION

Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.7 INVENTORIES

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, conversion costs, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value using the average cost basis, unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down with regard to their economic or realisable values and sold by public auction. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

1.8 FINANCIAL INSTRUMENTS

Financial Instruments are initially recognised at fair value.

SUBSEQUENT MEASUREMENT

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

1.8.1 INVESTMENTS

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

1.8.2 TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

1.8.3 TRADE PAYABLES

Financial liabilities consist of trade payables. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

1.8.4 CASH AND CASH

Cash includes cash on hand and cash at the banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred.

1.9 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.9.1. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.9.2 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.10 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

Provisions are not recognised for future operating losses. The present obligation under an onerous contract is however recognised and measured as a provision.

1.11 LEASES

Leases that transfer substantially all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

Operating lease payments or receipts are recognised on a straight line basis over the term of the relevant lease.

**1.11.1 MUNICIPALITY AS LESSEE
FINANCE LEASE**

The leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term. Any contingent rents are expensed in the period in which they are incurred.

OPERATING LEASE

Operating leases payments are recognised as an expense on a straight line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability or asset.

1.11.2 MUNICIPALITY AS LESSOR

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

1.12 REVENUE

Revenue shall be measured at the fair value of consideration received or receivable. It is reduced for estimated customer returns, VAT and other similar allowances.

CRITERIA TO BE MET FOR REVENUE RECOGNITION

- 1.1 Delivery has occurred or service has been rendered
- 1.2 Transaction costs can be reliably measured
- 1.3 Service rendered is based on the stage of completion of transaction, based on the proportion that total costs incurred to date bear the total cost of the project

1.12.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

An exchange transaction is one which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal values to the other party in exchange. Air value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

1.12.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

1.12.3 GRANTS, TRANSFERS AND DONATIONS

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

1.13 EMPLOYEE BENEFITS

1.13 Short-term employee

The cost of short-term employee benefits, which include salaries and wages, short-term compensated absences and profit sharing and bonus plans, are expensed in the Statement of Financial Performance in the financial year during which the payment is made.

Liabilities for short-term employee benefits that are unpaid at year-end are measured at the undiscounted amount that the municipality expected to pay in exchange for that service that had accumulated at the reporting date.

1.13.2 RETIREMENT BENEFITS

The municipality contributes to various contribution plans for its employees and councillors. The contribution paid to the various contribution plans is expensed in the year it is incurred as employee costs.

1.14 IMPAIRMENT OF ASSETS

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.16 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 8 Interest in Joint Ventures - Issued August 2006

GRAP 18 Segment Reporting - Issued March 2005

GRAP 21 Impairment of Non-Cash Generating Assets

GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) - Issued Feb 2008

GRAP 24 Presentation of Budget Information in Financial Statements - Issued November 2007

GRAP 103 Heritage Assets - Issued July 2008

GRAP 104 Financial Instruments

Lepelle-Nkumpi Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
1 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents consist of the following:			
Cash on hand		3 767	5
Cash at bank		8 367 525	5 316 375
		<u>8 371 292</u>	<u>5 316 380</u>
The Municipality has the following bank accounts: -			
<u>Current Account (Primary Bank Account)</u>			
First National Bank: Lebowakgomo Branch: Account number 62063345790			
Cash book balance at beginning of year		1 026 979	1 220 862
Cash book balance at end of year		<u>21 681</u>	<u>1 026 979</u>
Bank statement balance at beginning of year		1 972 111	1 293 496
Bank statement balance at end of year		<u>124 054</u>	<u>1 972 111</u>
<u>Current Account (Revenue Account)</u>			
First National Bank: Lebowakgomo Branch: Account Number 62063342720			
Cash book balance at beginning of year		4 288 631	4 248 195
Cash book balance at end of year		<u>8 345 844</u>	<u>4 288 631</u>
Bank statement balance at beginning of year		4 226 492	4 156 515
Bank statement balance at end of year		<u>6 072 861</u>	<u>4 226 492</u>
<u>Current Account (Salary Account)</u>			
First National Bank: Lebowakgomo Branch: Account Number 62063345980			
Cash book balance at beginning of year		765	190 541
Cash book balance at end of year		<u>-</u>	<u>765</u>
Bank statement balance at beginning of year		765	190 541
Bank statement balance at end of year		<u>2 238</u>	<u>765</u>
<u>Cash on hand</u>		<u>3 767</u>	<u>5</u>
Total cash and cash equivalents		<u>8 371 292</u>	<u>5 316 380</u>

Lepelle-Nkumpi Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
2 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS			
Trade receivables			
as at 30 June 2012			
Service debtors			
Rates		87 510 097	9 904 854
Refuse		10 769 428	2 153 886
Total		98 279 525	12 058 740
Total Trade and other receivables		98 279 525	12 058 740
as at 30 June 2011			
Service debtors			
Rates		77 259 046	19 041 024
Refuse		10 054 411	2 477 979
Other		1 859 770	505 136
Total		89 173 227	22 024 139
Total Trade and other receivables		89 173 227	22 024 139
Rates: Ageing			
Current (0 – 30 days)		4 198 284	3 704 102
31 - 60 Days		10 982 851	5 658 234
61 - 90 Days		3 355 469	5 815 925
91 - 120 Days	3 002 014.00	12 008 056	4 286 810
121 - 365 Days	8 457 447.0	16 914 894	34 528 132
+ 365 Days	40 050 542	40 050 542	23 265 843
Total		87 510 096	77 259 046
Refuse: Ageing			
Current (0 – 30 days)		359 638	2 686
31 - 60 Days		840 337	715 332
61 - 90 Days		307 312	377 718
91 - 120 Days		303 657	370 894
121 - 365 Days		2 295 263	2 784 378
+ 365 Days		6 663 222	5 803 403
Total		10 769 429	10 054 411
2 Reconciliation of the doubtful debt provision			
Balance at beginning of the year		67 149 088	52 589 477
Contributions to provision		19 071 697	14 559 611
Balance at end of year		86 220 785	67 149 088
3 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS			
CDM Advance Account: Commission		22 544 923	57 612 942
CDM Advance Account: Debtors		56 775 591	-
CDM Advance Account: R&M		1 396 619	2 068 548
Traffic Department		646 116	-
Other debtors		1 352 927	1 468 956
Total Other Debtors		82 716 176	61 150 445
4 OTHER CURRENT FINANCIAL ASSETS			
Other current financial assets		35 885	35 885

Lepelle-Nkumpi Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
5 INVENTORIES			
Consumable stores - at cost			
Opening balance		802 577	913 665
Additions		1 291 554	2 647 470
Issued (expensed)		(738 908)	(2 506 801)
Stock adjustment		(384 949)	-
Write-down / (reversal of write-down) to Net Replacement Value (NRV) or Net Replacement Cost (NRC)		-	(251 758)
Closing balance		<u>970 274</u>	<u>802 577</u>

6 INVESTMENTS

Call investment	99 041 487	85 679 215
	<u>99 041 487</u>	<u>85 679 215</u>

First National Bank: Lebowakgomo Branch: Account number 62063356888

Lepelle-Nkumpi Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

7 PROPERTY, PLANT AND EQUIPMENT

7.1 Reconciliation of Carrying Value

	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R	R
as at 1 July 2011	13 484 989	4 931 004	100 334 401	88 475 572	27 831	18 779 611	72 289	226 105 697
Cost/Revaluation	13 484 989	10 246 523	140 551 545	161 313 511	27 831	31 304 662	285 091	357 214 153
Accumulated depreciation and impairment	-	(5 315 519)	(40 217 145)	(72 837 939)	-	(12 525 051)	(212 802)	(131 108 456)
Acquisitions/ Additions	455 716	574 501	-	5 779 371	-	5 249 527	583 341	12 642 456
Capital under Construction	-	-	-	-	-	-	-	-
Depreciation	-	(356 108)	(4 710 932)	(6 112 725)	-	(3 585 907)	(154 396)	(14 920 068)
	-	-	-	23 904	-	-	-	23 904
Revaluation/ Devaluation	-	-	-	23 904	-	-	-	23 904
Accumulated devaluation/ revaluation	-	-	-	-	-	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Other movements*	-	-	-	-	-	-	-	-
as at 30 June 2012	13 940 705	5 149 397	95 623 468	88 166 122	27 831	20 443 232	501 234	223 851 989
Cost/Revaluation	13 940 705	10 821 024	140 551 545	167 116 786	27 831	36 554 189	868 432	369 880 512
Accumulated depreciation and impairment	-	(5 671 627)	(44 928 077)	(78 950 664)	-	(16 110 958)	(367 198)	(146 028 524)
						Work in Progress		23 190 083
								<u>247 042 071</u>

Lepelle-Nkumpi Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

7.2 Reconciliation of Carrying Value

	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R	R
as at 1 July 2010	24 351 592	5 770 719	236 448 236	88 918 692	27 831	18 702 291	129 307	374 348 668
Cost/Revaluation	24 351 592	10 099 255	273 186 125	156 544 378	27 831	27 451 758	285 091	491 946 031
Accumulated depreciation and impairment	-	(4 328 536)	(36 737 890)	(67 625 687)	-	(8 749 467)	(155 784)	(117 597 363)
Acquisitions/ Additions	-	675 090	23 551 816	-	-	3 873 505	-	28 100 412
Capital under Construction	-	-	9 293 486	5 468 645	-	-	-	14 762 131
Depreciation	-	(320 193)	(50 608 969)	(5 761 907)	-	(3 785 537)	(57 018)	(60 533 624)
	(10 866 604)	(527 822)	192 012 841	(227 576)	-	(10 648)	-	180 380 191
Revaluation/ Devaluation	(10 866 604)	(527 822)	192 012 841	(227 576)	-	(20 601)	-	180 370 239
Accumulated depreciation and impairment	-	-	-	-	-	9 953	-	9 953
Accumulated Revaluation/ Devaluation/ I	-	(666 790)	47 129 713	549 655	-	-	-	47 012 578
Transfers	-	-	-	(471 937)	-	-	-	(471 937)
*Other movements	-	-	-	-	-	-	-	-
as at 30 June 2011	13 484 989	4 931 004	100 334 401	88 475 572	27 831	18 779 611	72 289	226 105 697
Cost/Revaluation	13 484 989	10 246 523	140 551 545	161 313 511	27 831	31 304 662	285 091	357 214 153
Accumulated depreciation and impairment	-	(5 315 519)	(40 217 145)	(72 837 939)	-	(12 525 051)	(212 802)	(131 108 456)

The balance of closing PPE at 30 June 2011 in the above note and in the Fixed Asset Register differs to the balance per the financial system (R5 887 846). This balance resulted from prior years. The balance for the current financial year is in agreement with the Fixed Asset Register and will be correctly carried into the next financial year.

Lepelle-Nkumpi Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
8 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS			
Trade creditors		6 232 910	4 888 402
Advances: CDM		400 000	-
Deferred income: Commission CDM		17 747 822	57 612 942
Retentions		12 223 952	7 143 720
Staff leave accrual		3 023 805	3 114 480
Bonus accrual: 13th cheque		1 416 098	1 659 106
Traffic Department		276 562	447 114
Other creditors		4 908 505	3 454 793
Total creditors		46 229 653	78 320 567

The fair value of trade and other payables approximates their carrying amounts.

9 CONSUMER DEPOSITS			
Total consumer deposits		521 420	474 720

No interest is paid on consumer deposits.

10 VAT PAYABLE			
VAT payable		12 123 038	-
		12 123 038	-

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

11 VAT RECEIVABLE			
VAT receivable		17 109 959	8 638 852
		17 109 959	8 638 852

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

12 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

12.1 Unspent Conditional Grants from other spheres of Government		6 083 423	9 954 977
MIG Grants		2 189 101	7 598 868
FMG Grants		267 688	273 722
MSG Grants		51 943	255 064
LED Leadership		327 928	327 926
Local Government		-	105 952
EU Grant		-	259
Department of Minerals & Energy		3 246 764	1 393 386
12.2 Other Unspent Conditional Grants and Receipts			
Bee Keeping Project		-	9 733
Total Unspent Conditional Grants and Receipts		6 083 423	9 964 710
Non-current unspent conditional grants and receipts		-	-
Current portion of unspent conditional grants and receipts		6 083 423	9 964 710

13 FINANCE LEASE LIABILITY

2012	Minimum lease payment R	Future finance charges R	Present value of minimum lease payments R
Amounts payable under finance leases			
Within one year	359 325	103 729	255 596
Within two to five years	272 629	22 228	250 401
	631 954	125 957	505 997
Less: Amount due for settlement within 12 months (current portion)			(190 840)
			315 158

The average lease term is 3 years and the average effective borrowing rate is 16%. Interest rates are fixed at the contract date. Some leases have fixed repayment terms and other escalate between 10% per annum. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset.

2011	Minimum lease payment R	Future finance charges R	Present value of minimum lease payments R
Amounts payable under finance leases			
Within one year	122 617	(65 137)	57 480
Within two to five years	111 481	(38 723)	74 758
	234 098	(101 860)	132 237
Less: Amount due for settlement within 12 months (current portion)			(57 480)
			74 757

The average lease term is 5 years and the average effective borrowing rate is 82%. Interest rates are fixed at the contract date. Some leases have fixed repayment terms and other escalate between 15% per annum. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset.

Lepella-Nkumpi Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
14 NON-CURRENT PROVISIONS			
Provision for rehabilitation of landfill sites		-	-
Provision for long-service awards		1 116 053	773 122
Long Service Awards			
Fair value of plan assets		-	-
Accrued liability		-	615 718
Unfunded Accrued Liability		-	615 718
Unrecognised actuarial gains/(losses)		-	40 192
Unrecognised past service cost		-	-
Miscellaneous item		-	111 212
Net Liability In Balance Sheet		-	773 122
<i>Reconciling and projecting the unfunded accrued liability</i>			
Unfunded Accrued Liability			
Opening balance		773 122	615 718
Current-service cost		165 925	152 411
Interest cost		60 158	45 412
Benefit Vesting		-	-
Actuarial (Gain)/Loss		116 848	46 192
Past-service cost		-	-
Effect of curtailment/settlement		-	-
Actual employer benefit payments		-	-86 611
Employer prefunding contributions		-	-
Closing Balance		1 116 053	773 122
<i>Net liability to reflect in the balance sheet</i>			
Opening balance		773 122	615 718
Current-service cost		165 925	152 411
Interest		60 158	45 412
Expected return on plan assets		-	-
Transitional liability recognised		-	-
Actuarial (Gain)/loss recognised in P&L		116 848	46 192
Past-service cost recognised		-	-
Effect of curtailment/settlement		-	-
Net Periodic Cost Recognised in P&L		1 116 053	859 733
Actual employer benefits payments		-	-86 611
Transitional liability recognised		-	-
Employer prefunding contributions		-	-
Transitional liability recognised outside P&L		-	-
Actuarial (Gain)/loss recognised outside P&L		-	-
Closing Balance		1 116 053	773 122
Employees qualify for the following long service awards in terms of the SALGA collective agreement:			
- The employees that qualifies will for long service award for every five years of service completed , from ten years of service to 45 years of service inclusive			
- In the month that each "Completed Service" milestone is reached, the employee is granted a long service award			
- Working days awarded are value at 1/250 of annual salary per day			

15 PROPERTY RATES

Actual		
Residential	11 141 385	8 912 123
Commercial	9 283 561	6 920 908
Agriculture	2 267 683	20 997 316
State	25 637 618	21 069 949
Total property rates	48 630 227	57 900 298
Valuations		
Residential	1 198 613 000	1 194 182 898
Commercial	165 233 979	165 233 979
Agriculture	273 135 849	273 135 849
State	272 319 752	272 877 113
Other	-	13 953 574
Total Property Valuations	1 909 302 580	1 919 383 413

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2008. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions. The next general valuation will be implemented on 1 July 2012.

Lepelle-Nkumpi Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
16 SERVICE CHARGES			
Refuse removal		4 319 629	3 656 281
Total Service Charges		4 319 629	3 656 281
17 RENTAL OF FACILITIES AND EQUIPMENT			
Rental of facilities		142 514	-
Rental of equipment		8 654	-
Total rentals		151 168	-
18 INTEREST EARNED - EXTERNAL INVESTMENTS			
Bank		4 594 172	3 630 990
Total interest		4 594 172	3 630 990
19 INTEREST EARNED - OUTSTANDING RECEIVABLES			
Interest on Debtors receivables		11 252 970	
Transfer to CDM - Relating to Water and Sanitation Services		(3 645 614)	
Total interest		7 607 356	6 517 771
20 COMMISSION EARNED			
Commission received - Sale of water		4 797 101	4 370 254
<p>The commission received from Capricorn District Municipality for the collection of revenue relating to water and sanitation on behalf of the District Municipality. There is an SLA allowing Lepelle-Nkumpi Local Municipality to receive all revenue collected during the current year. The amount reflected is therefore 100% of the current year water related debtor collection.</p>			
21 DONATION RECEIVED			
Assets received as donation		-	65 139 163
<p>During the prior year, the municipality received movable and non movable assets from Public works and Capricorn District Municipality. These assets were capitalised in the statement of financial position and the net book value of these assets was recognised as donation received in the statement of financial performance.</p>			
22 GOVERNMENT GRANTS AND SUBSIDIES			
Equitable share		106 099 000	93 873 613
Municipal Infrastructural Grant		34 127 567	14 829 084
Municipal Systems Improvement Grant		893 121	522 200
Finance Management Grant		1 256 034	3 918 707
Department of Minerals and Energy		1 146 622	3 479 712
PHP Housing Grant		-	86 642
Capricorn Municipality		-	9 000 284
Other - Skills Development grant		-	73 110
Total Government Grant and Subsidies		143 622 344	125 583 332
22.1 Equitable Share			
<p>In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.</p>			
22.2 Municipal Infrastructural Grant			
Balance unspent at beginning of year		7 598 668	3 050 732
Current year receipts		28 718 000	19 377 000
Conditions met - transferred to revenue		(34 127 567)	(14 829 084)
Conditions still to be met - remain liabilities (see note 12)		2 189 101	7 598 668
<p>The grant was used for the construction of roads and stormwater, building of community halls and installation of high masts. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.</p>			
22.3 Financial Management Grant			
Balance unspent at beginning of year		273 722	1 192 429
Current year receipts		1 250 000	3 000 000
Conditions met - transferred to revenue		(1 256 034)	(3 918 707)
Conditions still to be met - remain liabilities (see note 12)		267 688	273 722
<p>The grant was utilised for the appointment of interns in the finance and auditing field, financial capacity building and capital and operational resource allocation. Other than the unspent amount, the conditions of the grant were met.</p>			
22.4 Municipal System Improvement Grant			
Balance unspent at beginning of year		255 084	27 264
Current year receipts		790 000	750 000
Conditions met - transferred to revenue		(893 121)	(522 200)
Conditions still to be met - remain liabilities (see note 12)		51 943	255 064
<p>The grant was utilised to implement institutional projects to assist in improving institutional capacity. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.</p>			

Lepelle-Nkumpi Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
22.5 LED Learnership			
Balance unspent at beginning of year		327 926	327 926
Current year receipts		-	-
Conditions met - transferred to revenue		-	-
Conditions still to be met - remain liabilities (see note 12)		<u>327 926</u>	<u>327 926</u>

The grant was utilised to implement LED learnerships. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.

22.6 Department of Minerals & Energy			
Balance unspent at beginning of year		1 393 386	2 373 098
Current year receipts		3 000 000	2 500 000
Conditions met - transferred to revenue		(1 146 822)	(3 479 712)
Conditions still to be met - remain liabilities (see note 12)		<u>3 246 564</u>	<u>1 393 386</u>

The grant was utilised for the electrification of areas that do not have electricity as in accordance with the municipal IDP.

23 OTHER INCOME

Other Income		7 888 294	4 102 334
Other Income		<u>7 888 294</u>	<u>4 102 334</u>
Total Other Income			

24 EMPLOYEE RELATED COSTS

Employee related costs - Salaries and Wages		29 902 384	23 618 025
Employee related costs - Contributions for UIF, pensions and medical aids		7 613 648	5 904 051
Travel, motor car, accommodation, subsistence and other allowances		3 252 896	1 720 244
Housing benefits and allowances		134 396	98 398
Acting Allowance		178 157	-
Overtime payments		821 198	547 338
Bonus		2 136 362	2 461 131
Long-service awards		342 931	-
Bargaining and Skills Development		435 185	340 734
Employee Related Costs		<u>44 817 158</u>	<u>34 689 921</u>

Remuneration of the Municipal Manager			
Annual Remuneration		912 038	614 953
Bonus		55 721	-
Travel, motor car, accommodation, subsistence and other allowances		-	128 353
Total		<u>967 759</u>	<u>743 306</u>

Remuneration of the Chief Finance Officer			
Annual Remuneration		341 950	631 905
Performance- and other bonuses		87 468	77 443
Travel, motor car, accommodation, subsistence and other allowances		-	104 305
Leave pay-out		81 119	-
Total		<u>490 536</u>	<u>813 653</u>

Remuneration of Individual Executive Directors	Strategic Services R	Technical Services R	Corporate Services R	Community Services R
2012				
Annual Remuneration	480 139	625 757	758 020	720 608
Leave pay-out and bonus	22 208	-	54 418	-
Travel, motor car, accommodation, subsistence and other allowances	-	-	-	-
Total	<u>482 347</u>	<u>625 757</u>	<u>812 438</u>	<u>720 608</u>

	Technical Services R	Corporate Services R	Community Services R
2011			
Annual Remuneration	570 224	481 186	453 067
Performance- and other bonuses	-	-	-
Travel, motor car, accommodation, subsistence and other allowances	57 151	88 945	70 423
Total	<u>627 375</u>	<u>569 131</u>	<u>523 490</u>

25 REMUNERATION OF COUNCILLORS

Mayor		647 588	619 833
Chief Whip		556 259	473 873
Speaker		489 072	448 182
Executive Committee Members		2 636 271	-
Councillors		6 319 845	8 881 621
Councillors' pension and medical aid contributions		2 428 704	-
Councillors' allowances		-	-
Total Councillors' Remuneration		<u>13 077 419</u>	<u>10 423 509</u>

In-Kind Benefits

The Mayor, Speaker and Chief Whip are full-time. Each is provided with an office and secretarial support. The Mayor has use of a Council owned vehicle and driver for official duties.

Lepelle-Nkumpi Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
26 DEPRECIATION AND AMORTISATION EXPENSE			
Property, plant and equipment		14 909 674	60 533 623
Total Depreciation and Amortisation		<u>14 909 674</u>	<u>60 533 623</u>
27 FINANCE COSTS			
Interest on finance leases		138 350	156 257
Total Finance Costs		<u>138 350</u>	<u>156 257</u>
28 CONTRACTED SERVICES			
Contracted services for:			
Security costs		3 728 691	3 303 767
Security services provided at all the buildings of the Municipality.		<u>3 728 691</u>	<u>3 303 767</u>
29 GENERAL EXPENSES			
Included in general expenses are the following:-			
Advertising		659 711	1 109 764
Audit fees		3 439 685	2 128 055
Bank charges		178 822	178 338
Cleaning		104 082	387 701
Conferences and delegations		2 020 104	83 926
Consulting fees		3 330 857	1 038 581
Debt collection commission		970 437	-
Electricity		1 967 028	620 637
Electricity Reticulation		11 533 537	-
Financial management grant		1 169 161	3 759 973
Fuel and oil		3 961 942	2 038 052
Insurance		557 176	1 307 465
Legal expenses		1 209 970	706 806
Licence fees - vehicles		101 277	88 605
Licence fees - computers		473 335	356 189
Membership fees		527 360	290 055
Postage		219 910	195 218
Printing and stationery		961 311	524 463
Rental of office equipment		1 166 280	977 994
Skills development levies		306 615	302 037
Stocks and material		511 983	141 123
Telephone cost		1 437 679	1 380 750
Training		345 428	-
Travel and subsistence		-	521 980
Uniforms & overalls		45 656	158 654
Valuation costs		1 538 090	298 003
Ward committee stipends		1 329 133	457 382
Other		4 973 642	11 533 936
		<u>45 338 220</u>	<u>30 677 998</u>
30 CASH GENERATED BY OPERATIONS			
Surplus/(deficit) for the year		88 396 510	96 385 322
Adjustment for:-			
Depreciation and amortisation		14 909 674	60 533 623
Donation received		441 270	(65 139 163)
Contribution to provisions - non-current		464 203	-
Contribution to provisions - current		-	-
Finance costs		-	156 257
Fair value adjustments		1 116 053	251 758
Impairment loss / (reversal of impairment loss)		-	-
Interest earned		-	(3 630 990)
Other non-cash item		-	-
Operating surplus before working capital changes:		103 327 710	88 556 807
(Increase)/decrease in inventories		(48 798)	111 088
(Increase)/decrease in trade receivables		(167 697)	(29 122 795)
(Increase)/decrease in other receivables		-	3 257 614
(Increase)/decrease in VAT receivable		9 965 369	(369 489)
Increase/(decrease) in conditional grants and receipts		(8 471 107)	(5 226 930)
Increase/(decrease) in trade payables		(3 661 286)	7 139 041
Increase/(decrease) in consumer deposits		(32 080 914)	20 925
Decrease in short term obligations		12 123 038	(62 832)
Increase/(decrease) other adjustments		133 359	2 914 785
Increase/(decrease) in operating lease assets as lessors		-	(11 368)
Increase/(decrease) in operating lease accruals		(33 018)	(21 985)
(Increase)/decrease in prepayments		-	1 042 486
Cash generated by/(utilised in) operations		<u>80 858 683</u>	<u>67 227 646</u>

Lepelle-Nkumpi Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
31 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents included in the cash flow statement comprise the following:			
Bank balances and cash		107 412 778	90 895 534
Bank overdrafts		-	-
Net cash and cash equivalents (net of bank overdrafts)		<u>107 412 778</u>	<u>90 895 534</u>
32 CORRECTION OF ERROR			
During the year ended 30 June 2011, PPE and other assets were incorrectly recognised: -			
The comparative amount has been restated as follows:			
Value adjustment on PPE from Unbundling Report not recognised			(129 251 875)
Long Service Award Liability not recognised			(773 122)
Advance expenditure treated incorrectly as grant			(108 427)
Asset written off in FAR in prior year included in opening balance			(482 287)
CDM Advance for R&M balance not recorded in prior year			2 068 548
Correction of incorrect posting of accumulated depreciation			(8 845 813)
Reversal of depreciation calculated on a work-in-progress asset			224 212
Correction of treatment of fair value adjustment of an asset item			(17 298)
Net effect on Statement of Financial Position			<u>(135 185 843)</u>
Net effect on Accumulated surplus opening balance			<u>(135 185 843)</u>
UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL			
33 EXPENDITURE DISALLOWED			
33.1 Fruitless and wasteful expenditure			
Reconciliation of fruitless and wasteful expenditure			
Opening balance -		2 667 892	3 586
Fruitless and wasteful expenditure current year		10 154	2 664 326
Condoned or written off by Council		-	-
Fruitless and wasteful expenditure awaiting condonement		<u>2 678 046</u>	<u>2 667 892</u>
33.2 Irregular expenditure			
Reconciliation of irregular expenditure			
Opening balance		42 087 924	4 990 243
Fruitless and wasteful expenditure current year		-	37 007 681
Condoned or written off by Council		-	-
Transfer to receivables for recovery – not condoned		-	-
Irregular expenditure awaiting condonement		<u>42 087 924</u>	<u>42 087 924</u>

Lepelle-Nkumpi Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE			
34 MANAGEMENT ACT			
34.1 Contributions to organised local government			
Opening balance		-	-
Council subscriptions		601 225	158 800
Amount paid - current		(601 225)	(158 800)
Amount paid - previous years		-	-
Balance unpaid (included in payables)		-	-
34.2 Audit fees			
Opening balance		-	4 258
Current year audit fee		3 820 063	2 129 055
Amount paid - current year		(2 535 578)	(2 133 313)
Amount paid - previous years		-	-
Balance unpaid (included in payables)		1 284 485	-
34.3 VAT			
		4 988 921	8 638 852
VAT Input receivables and VAT output payables are shown in notes 10 and 11. All VAT returns have been submitted by the due date throughout the year.			
34.4 PAYE and UIF			
Opening balance		-	-
Current year payroll deductions		8 219 838	5 805 396
Amount paid - current year		(8 219 838)	(5 805 396)
Amount paid - previous years		-	-
Balance unpaid (included in payables)		-	-
34.5 Pension and Medical Aid Deductions			
Opening balance		-	-
Current year payroll deductions and Council Contributions		10 342 341	11 110 425
Amount paid - current year		(10 342 341)	(11 110 425)
Amount paid - previous years		-	-
Balance unpaid (included in payables)		-	-
34.6 Councillor's arrear consumer accounts			
The following Councillors had arrear accounts outstanding for more than 90 days as at: -			
	Total R	Outstanding less than 90 days R	Outstanding more than 90 days R
as at 30 June 2012			
Ramoshaba L.L.	4 786	374	4 392
Sehtlapelo M.J.	11 916	1 609	10 307
Thobejane M.M.	10 679	1 059	9 620
Sibanda P.S.	11 732	1 108	10 625
Phaahia K.G.	14 188	1 341	12 846
Mashlane M.E.	5 677	1 497	4 180
Khwinana M.	28 129	2 347	25 782
Machaka M.P.	6 762	523	6 239
Mphahlele H.M.M.	10 105	2 252	7 853
Vilankulu R.J.	28 121	3 748	25 373
Ramalla T.	10 089	835	9 254
Mokgophi M.T.	16 715	677	16 038
Mphahlele L.E.	2 165	-	-
Total Councillor Arrear Consumer Accounts	152 025	19 635	142 490
as at 30 June 2011			
K.D Maphoso	8 337	1 111	7 226
J.T Mankgo	3 088	287	2 781
M.V Phaahia	9 916	1 330	8 585
M.N Phosa	11 132	2 206	8 926
L.L Ramoshaba	3 385	287	3 107
E.S Phaahia	16 307	2 310	13 997
H.R Mchapo	7 221	3 709	3 512
G.C Zwane	2 465	440	2 025
M.N Doubada	12 758	3 180	9 578
M.E Koma	6 742	2 469	4 272
Total Councillor Arrear Consumer Accounts	81 340	17 330	64 010

Lepelle-Nkumpi Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

	Note	2012 R	2011 R
35 CAPITAL COMMITMENTS			
35.1 Commitments in respect of capital expenditure			
- Approved and contracted for			
Infrastructure		101 115 659	18 021 784
Community		78 048 595	17 375 058
Other		23 067 064	-
		-	646 726
- Approved but not yet contracted for			
Infrastructure		-	-
Community		-	-
Other		-	-
Total		101 115 659	18 021 784
This expenditure will be financed from:			
- Government Grants		100 104 502	18 021 784
- Own resources		1 011 157	-
		101 115 659	18 021 784
36 RETIREMENT BENEFIT INFORMATION			
36.1 Defined contribution plan			
The following are defined contribution plans: R3 578 360. These contributions have been expensed.			
37 CONTINGENT LIABILITY			
Claim for damages		3 118 467	3 077 367
The Municipality is being sued by a service provider with regard to the compilation of a credible valuation roll. Council is contesting the claim based on legal advice. Included in this amount is also claims of occupation of land by individuals and business people claiming unpaid monies.			
38 RELATED PARTIES			
Capricorn District Municipality			
Provincial Department of Transport			
Related party balances			
Amounts included in Trade receivable (Trade payable) regarding related parties			
Capricorn District Municipality		57 929 007	57 929 007
Provincial Department of Transport		958 836	-181 066
		58 887 843	57 737 939
Related party transactions			
Capricorn District Municipality			
Commission on water		4 797 101	4 370 254
Provincial Department of Transport			
Fines		641 311	470 415
40 COMPARISON WITH THE BUDGET			
The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexure C.			

Lepelle-Nkumpi Local Municipality
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2012

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Devaluations/ Revaluation	Under Construction	Closing Balance	Opening Balance	Depreciation	Revalued/ devalued accumulated depreciation	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R	R	R	R
Land													
Land	13 484 989	455 716			13 940 705	-	-	-	-	-	-	-	13 940 705
Landfill Sites	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries	-	-	-	-	-	-	-	-	-	-	-	-	-
	13 484 989	455 716	-	-	13 940 705	-	-	-	-	-	-	-	13 940 705
Buildings	10 246 523	574 501	-	-	10 821 024	(5 315 519)	(356 108)		-	(5 671 627)	-	-	5 149 397
Infrastructure													
Storm Water	21 706 567	-	-	-	21 706 567	(3 373 027)	(908 242)		-	(4 281 269)	-	-	17 425 298
Roads	82 983 891	-	-	-	82 983 891	(20 408 797)	(3 067 709)		-	(23 476 506)	-	-	59 507 385
Road furniture	286 829	-	-	-	286 829	(36 212)	(12 423)		-	(48 635)	-	-	238 194
Electricity Reticulation	35 574 258	-	-	-	35 574 258	(16 399 108)	(722 558)		-	(17 121 666)	-	-	18 452 592
Recreation facilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Water Mains & Purification	-	-	-	-	-	-	-	-	-	-	-	-	-
Reservoirs – Water	-	-	-	-	-	-	-	-	-	-	-	-	-
Water Meters	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
	140 551 545	-	-	-	140 551 545	(40 217 145)	(4 710 932)	-	-	(44 928 077)	-	-	95 623 468
Community Assets													
Traffic Station	2 193 669	1 148 729	-	-	3 342 398	(365 611)	(83 298)		-	(448 910)	-	-	2 893 488
Libraries	808 872	-	-	-	808 872	(188 737)	(26 962)		-	(215 699)	-	-	593 173
Recreation Grounds	259 101	-	-	-	259 101	(19 592)	(17 273)		-	(36 866)	-	-	222 235
Showgrounds	83 372 200	-	-	-	83 372 200	(55 403 726)	(2 779 073)		-	(58 182 799)	-	-	25 189 401
RDP Houses	-	-	-	-	-	-	-	-	-	-	-	-	-
Stadiums	5 060 191	-	-	-	5 060 191	(1 101 802)	(82 788)		-	(1 184 590)	-	-	3 875 601
Community Halls	38 309 475	4 548 063	-	-	42 857 538	(7 269 287)	(1 277 883)		-	(8 547 170)	-	-	34 310 368
Taxi Ranks & Bus Shelters	23 676 703	-	-	-	23 676 703	(8 479 583)	(1 578 447)		-	(10 058 030)	-	-	13 618 673
Hawker Stalls	270 240	-	-	-	270 240	(9 600)	(18 016)		-	(27 616)	-	-	242 624
Cemeteries	636 685	82 579	23 904	-	743 168	-	(24 772)		-	(24 772)	-	-	718 396
Culture Centre	6 726 374	-	-	-	6 726 374	-	(224 212)		-	(224 212)	-	-	6 502 162
	-	-	-	-	-	-	-	-	-	-	-	-	-
	161 313 511	5 779 371	23 904	-	167 116 786	(72 837 939)	(6 112 725)	-	-	(78 950 664)	-	-	88 166 122
Heritage Assets													
Historical Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Paintings & Artifacts	27 831	-	-	-	27 831	-	-	-	-	-	-	-	27 831
	27 831	-	-	-	27 831	-	-	-	-	-	-	-	27 831
Total carried forward	325 624 399	6 809 588	23 904	-	332 457 891	(118 370 603)	(11 179 765)	-	-	(129 550 368)	-	-	202 907 523

Lepelle-Nkumpi Local Municipality
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2012

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Devaluations/ Revaluation	Under Construction	Closing Balance	Opening Balance	Revalued/ devalued accumulated depreciation	Depreciation	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R	R	R	R
Total brought forward	325 624 399	6 809 588	23 904	-	332 457 891	(118 370 603)	(11 179 765)	-	-	(129 550 368)	-	-	202 907 523
Other Assets													
Office Equipment	3 319 895	2 497 876	-	-	5 817 772	(2 321 710)	(587 654)	-	-	(2 909 364)	-	-	2 908 408
Furniture & Fittings	2 430 230	335 379	-	-	2 765 609	(1 081 796)	(198 126)	-	-	(1 279 922)	-	-	1 485 687
Bins and Containers	654 646	558 772	-	-	1 213 418	(340 297)	(126 688)	-	-	(466 985)	-	-	746 433
Plant and Equipment	7 045 703	-	-	-	7 045 703	(4 210 645)	(719 901)	-	-	(4 930 546)	-	-	2 115 157
Motor vehicles	6 199 226	-	-	-	6 199 226	(3 238 314)	(1 028 851)	-	-	(4 267 165)	-	-	1 932 061
Specialised vehicles	10 851 375	1 710 000	-	-	12 561 375	(1 049 939)	(798 696)	-	-	(1 848 635)	-	-	10 712 740
Security Measures	803 587	147 500	-	-	951 087	(282 350)	(125 990)	-	-	(408 341)	-	-	542 746
Computer Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
	31 304 662	5 249 527	-	-	36 554 189	(12 525 051)	(3 585 907)	-	-	(16 110 958)	-	-	20 443 232
Finance Lease Assets													
Office Equipment	285 091	583 341	-	-	868 432	(212 802)	(154 396)	-	-	(367 198)	-	-	501 234
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
	285 091	583 341	-	-	868 432	(212 802)	(154 396)	-	-	(367 198)	-	-	501 234
Total	357 214 153	12 642 456	23 904	-	369 880 512	(131 108 456)	(14 920 068)	-	-	(146 028 524)	-	-	223 851 989
Work in Progress													23 190 083
													<u>247 042 071</u>

Lepelle-Nkumpi Local Municipality
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2011

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Devaluations/ Revaluation	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of Impairment loss/ Revaluated deporeciation	Closing Balance			
	R	R	R	R	R	R	R	R	R	R	R	R	R
Land													
Land	24 351 592	-	(10 866 604)		13 484 989		-		-	-	-	-	13 484 989
Landfill Sites		-	-	-	-		-	-	-	-	-	-	-
Quarries		-	-	-	-		-	-	-	-	-	-	-
	24 351 592	-	(10 866 604)	-	13 484 989	-	-	-	-	-	-	-	13 484 989
Buildings	10 099 255	675 090	(527 822)	-	10 246 523	(4 328 536)	(320 193)		(666 790)	(5 315 519)	-	-	4 931 004
Infrastructure													
Storm Water	8 893 548	-	12 813 019	-	21 706 567	(1 156 305)	(177 871)	-	(2 038 852)	(3 373 027)	-	-	18 333 540
Roads	236 174 003	23 551 816	178 746 361	2 004 433	82 983 891	(23 595 936)	(49 567 971)	-	52 755 110	(20 408 797)	-	-	62 575 094
Road furniture	126 317	-	160 512	-	286 829	(11 340)	(7 607)	-	(17 265)	(36 212)	-	-	250 617
Electricity Reticulation	27 992 257	-	292 948	7 289 053	35 574 258	(11 974 308)	(855 519)	-	(3 569 281)	(16 399 108)	-	-	19 175 150
Recreation facilities		-	-	-	-		-	-	-	-	-	-	-
Water Mains & Purification		-	-	-	-		-	-	-	-	-	-	-
Reservoirs – Water		-	-	-	-		-	-	-	-	-	-	-
Water Meters		-	-	-	-		-	-	-	-	-	-	-
	273 186 125	23 551 816	192 012 841	9 293 486	140 551 545	(36 737 890)	(50 608 969)	-	47 129 713	(40 217 145)	-	-	100 334 401
Community Assets													
Traffic Station	3 005 690	-	(812 022)	-	2 193 669	(400 759)	(100 190)		135 337	(365 611)	-	-	1 828 057
Libraries	808 872	-	-	-	808 872	(161 774)	(26 962)	-	-	(188 737)	-	-	620 136
Recreation Grounds	259 101	-	-	-	259 101	(2 319)	(17 273)	-	-	(19 592)	-	-	239 509
Showgrounds	83 372 200	-	-	-	83 372 200	(52 624 652)	(2 779 073)	-	-	(55 403 726)	-	-	27 968 474
RDP Houses	377 937	-	-	94 000	471 937		-	-	-	-	(471 937)	-	-
Stadiums	2 352 339		598 126	2 109 726	5 060 191	(1 053 081)	(78 411)	-	29 690	(1 101 802)	-	-	3 958 389
Community Halls	35 681 241	-	-	2 628 234	38 309 475	(6 079 912)	(1 189 375)	-	-	(7 269 287)	-	-	31 040 188
Taxi Ranks & Bus Shelters	23 676 703				23 676 703	(7 152 101)	(1 327 482)			(8 479 583)			15 197 120
Hawker Stalls	283 920		(13 680)		270 240	(151 088)	(18 928)		160 416	(9 600)			260 640
Cemeteries		-	-	636 685	636 685		-	-	-	-	-	-	636 685
Culture Centre	6 726 374	-	-		6 726 374	-	(224 212)	-	224 212	-	-	-	6 726 374
	156 544 378	-	(227 576)	5 468 645	161 785 448	(67 625 687)	(5 761 907)	-	549 655	(72 837 939)	(471 937)	-	88 475 572
Heritage Assets													
Historical Buildings		-	-	-	-		-	-	-	-	-	-	-
Paintings & Artifacts	27 831	-	-	-	27 831		-	-	-	-	-	-	27 831
	27 831	-	-	-	27 831		-	-	-	-	-	-	27 831
Total carried forward	464 209 182	24 226 906	180 390 840	14 762 131	326 096 336	(108 692 112)	(56 691 069)	-	47 012 578	(118 370 603)	(471 937)	-	207 253 796

Lepelle-Nkumpi Local Municipality
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2011

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of Impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R	R	R	R
Total brought forward	464 209 182	24 226 906	180 390 840	14 762 131	326 096 336	(108 692 112)	(56 691 069)	-	47 012 578	(118 370 603)	(471 937)	-	207 253 796
Other Assets													
Office Equipment	2 818 131	522 365	(20 601)	-	3 319 895	(1 775 735)	(555 928)	9 953	-	(2 321 710)	-	-	998 185
Furniture & Fittings	2 100 281	329 949	-	-	2 430 230	(876 927)	(204 869)	-	-	(1 081 796)	-	-	1 348 434
Bins and Containers	654 646	-	-	-	654 646	(251 610)	(88 687)	-	-	(340 297)	-	-	314 349
Plant and Equipment	6 881 552	164 151	-	-	7 045 703	(3 117 533)	(1 093 112)	-	-	(4 210 645)	-	-	2 835 058
Motor vehicles	4 718 147	1 481 079	-	-	6 199 226	(2 180 657)	(1 057 657)	-	-	(3 238 314)	-	-	2 960 912
Specialised vehicles	9 495 546	1 355 829	-	-	10 851 375	(390 900)	(659 039)	-	-	(1 049 939)	-	-	9 801 436
Security Measures	783 455	20 132	-	-	803 587	(156 105)	(126 245)	-	-	(282 350)	-	-	521 236
Computer Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
	27 451 758	3 873 505	(20 601)	-	31 304 662	(8 749 467)	(3 785 537)	9 953	-	(12 525 051)	-	-	18 779 611
Finance Lease Assets													
Office Equipment	285 091	-	-	-	285 091	(155 784)	(57 018)	-	-	(212 802)	-	-	72 289
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
	285 091	-	-	-	285 091	(155 784)	(57 018)	-	-	(212 802)	-	-	72 289
Total	491 946 031	28 100 412	180 370 239	14 762 131	357 686 090	(117 597 363)	(60 533 624)	9 953	47 012 578	(131 108 456)	(471 937)	-	226 105 697

APPENDIX C
LEPELLE - NKUMPI LOCAL MUNICIPALITY
STATEMENT OF COMPARATICE AND ACTUAL INFORMATION
for the year ended 30 June 2012

Description	2011/2012									
		Budget Adjustments (i.t.o s28 and s31 of the MFMA)	Virement (i.t.o Council approved by law)					Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	
R thousands or R	Original Budget			Final Budget	Actual Outcome	Unauthorised expenditure	Variance			Reason for variance
	1	2	3	4	5	6	7	8	9	
Financial Performance										
Property rates	45 000 000	33 000 000	-	33 000 000	48 604 552		15 604 552	147%	108%	Non-payment of municipal services
Service charges	-	-	-	-	25 675					
Investment revenue	6 270 000	6 270 000		6 270 000	4 211 169		2 058 831	67%	67%	
Transfers recognised -operational	112 029 000	112 029 000		112 029 000	108 742 060		3 286 940	97%	97%	
Other own revenue	56 191 666	60 655 690	71 000	60 655 690	1 252 259		59 403 431	2%	2%	
Total Revenue (excluding Capital transfers and contributions)	219 490 666	211 954 690	71 000	211 954 690	162 835 715	-	80 353 754	77%	74%	
Employee costs	49 933 152	46 765 005	(3 168 147)	46 765 005	42 984 979		3 780 026	92%	86%	Annual salaries increase
Remuneration of councilors	12 566 557	13 000 557	434 000	13 000 557	13 091 156		(90 599)	101%	104%	Implementation of upper limits for councillors
Debt impairment				-						Filling of vacant positions
Depreciation & asset impairment										
Finance charges	200 000	165 000	(35 000)	165 000	175 616		(10 616)	106%	88%	
Materials and bulk purchases										
Transfers and grants										
Other expenditure	43 160 581	49 207 879	6 047 298	49 207 879	39 379 944		9 827 935	80%	91%	
Total Expenditure	105 860 290	109 138 441	3 278 151	109 138 441	95 631 695	-	13 506 746	88%	90%	
Surplus/(Deficit)	113 630 376	102 816 249	-	102 816 249	67 204 020	-	35 612 229	65%	59%	
Transfers recognised -Capital	32 319 573	-	-	32 319 573	26 465 453		5 854 120	82%	82%	
Contributions recognised -capital & contributed assets	-	-	-	-	-		-	-	-	
Surplus/(Deficit) after capital transfers& contributions	145 949 949	102 816 249	-	135 135 822	93 669 473	-	41 466 349	69%	64%	